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SUBJECT: Mozambique: Visit to two Northern Provincial  
Capitals - Lichinga and Nampula

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¶1. (U) This report summarizes observations from an August 28 - September 1 trip taken by the Econ/Pol chief to Lichinga, the small town that serves as the capital of Niassa province in Mozambique's far north, and Nampula, the bustling capital of neighboring Nampula province. Lichinga's most striking aspect is its isolation, with its distance from the coast and main transport corridors magnified by poor (dirt) roads and nearly non-existent railroad service. It also has the lure of Mozambique's wild frontier, with its resources largely untapped. Nampula, on the other hand, is maturing into the North's prosperous commercial center. Para 10 contains business confidential information about the OPIC-supported Nacala railway line.

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Lichinga  
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¶2. (U) Lichinga sits on a plateau at 4,000 feet above sea level, surrounded by a 5-10 mile radius of relatively fertile agricultural land cleared of forest cover. According to one internet gazetteer, the town has a population of over 100,000 but this figure probably includes all the outlying communities - the downtown is very small and criss-crossed by only two or three main streets. Lichinga developed in the late 1960's, mainly as a Portuguese colonial outpost against FRELIMO rebels launching attacks into northern Mozambique from bases just across the border in Tanzania. One resident told emboff that he remembers as a boy seeing lions outside train carriage windows on the town's outskirts. The lions have long since gone, mostly shot or driven out during the post-independence civil war (1977-1992).

¶3. (U) Lichinga is linked to the rest of the country mainly by a 200 km dirt road southward to Cuamba, at the bottom of

Niassa province, which sits astride the (OPIC-supported) railroad line that connects Malawi with the Mozambican port of Nacala. Of lesser importance is a rail spur from Cuamba to Lichinga that largely parallels the Cuamba - Lichinga road. The Portuguese built this rail spur to Lichinga in the 1960's for military reasons, but it declined into irregular use after independence and has been very poorly maintained. As tracks fell into disrepair, service declined from weekly to monthly to finally, in the past year, once every several months. Two other links - a road running eastward that is paved roughly half of the 400 km distance from Lichinga to Pemba, on the coast, and a dirt road 80 kms in length down to the Lake Niassa town of Metangula - round out its main transport connections. It is worth mentioning, too, that travelers driving north from Lichinga 150 kms on a dirt road that degenerates into a track can reach the Tanzanian border south of the city of Songea, and that growing trade and traffic is reported over this frontier (including Tanzanians who mine small-scale gold deposits in the bush north of Lichinga and carry it back to Tanzania).

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Transport Connections  
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¶4. (U) Transport connections bear examination because a visitor to Lichinga upon arrival is soon struck by this provincial capital's isolation. There is comparatively little traffic in the town, and on trips to the outskirts it seemed to emboff that the number of people pushing bicycles loaded with goods greatly outnumbered the few cars or trucks that passed. At a roundtable hosted by emboff for local business leaders, speakers repeatedly groused about supply difficulties due to poor transport links. According to one businessman from the construction sector, during the rainy season in 2005 the city went several months virtually without fuel and without any concrete, since the roads were

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too muddy for trucks with heavy loads and the railway didn't function. All supplies that must be trucked in are marked up heavily because of transport delays. Local produce - and emboff was told repeatedly by various sources that the highlands around Lichinga could become very productive in grains and legumes - only trickles out of the province, again because of transport difficulties.

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Forestry  
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¶5. (U) Several foreign investors have ambitious plans for forestry projects in Niassa province. Eucalyptus and southern pine are being introduced in two separate plantations east and north of Lichinga. Swedish money is backing one project, which already includes a small sawmill, while the other plantation, Tenga, is financed by a South African company. Eucalyptus grows quickly, with seedlings becoming trees ready for cutting in only seven years. Both plantations include eucalyptus trees that are already several years old, and the investors expect to be harvesting eucalyptus trees starting in 2010. Pine, however, will take 20 years to mature and thus represents a much longer term investment. At both locations emboff was told that viable (non-dirt) road links or a working railroad would be essential to their business, since most of the wood would be sold outside the province.

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Manda Wilderness  
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¶6. (U) Emboff met with Patrick Simkin, manager of the Manda Wilderness lodge north of Cobue, a small town lying on Lake Niassa about 100 kms north of Lichinga. Simkin, who has been running the lodge for nearly a decade, said that last

year the Manda Wilderness concession won an award in Europe for its success in integrating the community with its wilderness preservation efforts. Travel to and from the lodge from Lichinga is arduous and expensive - requiring four hours via a 4-wheel drive car down to the lake and then a 45 minute boat ride. This is the main reason that most of the lodge guests arrive via Malawi. The small Malawian island of Likoma, in the lake off Cobue, has an airstrip, and guests frequently fly in there from Lilongwe. Another favorite arrangement is to ride the Lake Niassa ferry around the lake, getting off for two days at Manda and then getting back on when the ferry makes its next circuit. Simkin reported that the tourist business was doing quite well, with August his busiest month ever because of the European holiday season.

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Macadamias  
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17. (U) Niassa province holds what may count as Mozambique's most mature macadamia nut plantation. Emboff visited the 2,500 hectare site, which lies 150 km east of Lichinga near the road to Pemba. Six South African investors are partners in the project, all of them from the Nelspruit area in South Africa where there are numerous macadamia groves. While the first nuts will not be harvested for several more years, the project manager is hopeful that the investment will prove very successful and enable them to double the area planted in macadamia. He reported that the provincial government has been very cooperative, causing no undue delays provided paperwork was in order.

18. (U) The macadamia plantation manager's father told emboff that he had just started a 500 hectare jatropa plantation nearby (which emboff did not see), and that he had great expectations for this product in the near future as a source of bio-diesel (jatropa oil plus ethanol can easily be turned into diesel). He reported that he had already begun to receive inquiries from prospective buyers in Germany and the US.

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Nampula  
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19. (U) Nampula is a growing urban center located at the eastern foot of the hilly uplands, about 100 kms inland from the coast. According to the same internet gazetteer mentioned in para 2, its population has grown to nearly 400,000 (a figure that, similarly, no doubt includes surrounding communities). It lies at the intersection of the country's main north-south highway and the east-west railway line linking the deep-water port of Nacala with Malawi. Nampula is a bustling city by Mozambican standards, to say nothing of a comparison with remote Lichinga. The hotel where emboff stayed in the center of town had a busy breakfast dining room, and shares its premises with a several-story high block of newly opened shops and offices. Two other impressive tall glass and steel hotels are being built. The governor of Nampula province spoke of economic progress in both the city and province, while at the same time - as is the wont of officials in Mozambique - appealing for assistance for a whole litany of projects, from wells to roads to health care centers. Emboff was impressed by several Nampula city council members, who described in detail some of the infrastructure challenges they face in providing water and sewage services to the rapidly growing urban population. (Comment: They were seemingly unaware of planning by the GRM for water and sanitation work in Nampula under the Millennium Challenge Corporation compact expected to be signed next year. Embassy recommends MCC representatives meet with Nampula city council members to review MCC's objectives the next time they are in Nampula.

End comment.)

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Nacala Railway  
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¶10. (SBU) While in Nampula emboff met with Fernando Couto, one of the principal private investors in the consortium operating the OPIC-supported Nacala railway line, the Corridor Desenvolvimento do Norte (CDN). Couto relayed that one of the two American investors in the consortium, the Railway Development Corporation (RDC), had agreed verbally to sell its shares to Couto. RDC wanted out, he said, now that the consortium would not be bought out by the Brazilian coal giant Companhia do Vale do Rio Doce (CVRD). With the prospect of becoming even more invested in CDN, Couto said he was in Nampula to prepare to take over managing the railroad directly. One of his immediate goals, he added, was to improve service on the Lichinga spur, and he told emboff that he hoped to have a train running up to Lichinga in several weeks time. (Note - He succeeded. According to press reports, a CDN locomotive arrived in Lichinga on September 16, needing only 27 hours to climb the 200 km route up from Cuamba to Lichinga. Previous trips had taken as long as several weeks due to the need to repair the track as the train moved up the line. End Note.)

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Cashews  
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¶11. Emboff called on Antonio Miranda, who manages a large cashew processing plant in Nampula environs, for a report on efforts to revive Mozambique's cashew processing industry. Miranda was very upbeat about recent developments, saying that his and a half dozen other plants were processing increasing volumes, well on their way to approaching levels last seen in the mid-1990's. He said that in 2005 Mozambique processed 50,000 tons. In several years time the figure would be 100,000 tons. Miranda reported that he also was trying to tap the macadamia market, and had planted several thousand hectares in macadamias in the Gurue area of neighboring Zambezia province. Asked what he thought of the prospects for jatropha as a source of bio-diesel, Miranda was not very positive. He pointed out that promoting bio-

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diesel involved much more than just growing jatropha: diesel processing plants would be necessary, ethanol would have to be imported, and arrangements would be required with fuel companies now serving the diesel market. He said he had opted not to get on the jatropha bandwagon for these reasons.

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Chickens  
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¶12. Emboff's last stop in Nampula was at a chicken hatchery outside of the city run by an ex-Zimbabwean white farmer named Cunningham. Cunningham was very enthusiastic about the prospects for raising chickens in Mozambique, which he believed offered better agricultural conditions for chicken rearing than his native Zimbabwe. While giving a tour of his new facility, a large warehouse with several incubator machines imported from the United States, he said he would soon be building a slaughterhouse where chickens would be killed and plucked and the meat packaged for sale locally and export. In the interim, he planned to distribute chicks to farmers in the community, with the promise to buy them back once fully grown. Through this "out grower" scheme, his chicken farm would provide an income to hundreds of local Mozambicans.

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Comment

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¶13. The economic development of Lichinga, and indeed all of Niassa province, is constrained by its poor transport links. The Swedes have funded the paving of roughly half the distance along the road from Lichinga to Pemba, but the vital road and rail connection to Cuamba still awaits assistance. CDN's recent success in running a train to Lichinga is an encouraging step, but improving the road is probably much more important than rehabilitating the railroad. Nampula's immediate economic prospects are much brighter, and could offer investment and trade opportunities for American business.

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